15 May 2006

Original: English

Annual session 2006
12 to 23 June 2006, Geneva
Item 19 of the provisional agenda
Multi-year funding framework

Emerging priorities: a status report on the preparation of the MYFF, 2008-2011*

I. Introduction

1. In response to Executive Board decision 2006/1, this paper presents for discussion the emerging priorities of the Administrator together with a status report on the preparation of the next multi-year funding framework, for 2008-2011.[1] It also provides the response of management to some of the issues arising out of the multi-year funding framework (MYFF) report on UNDP performance and results for 2005.[2] UNDP priorities for 2008-2011 will be informed by the ongoing review of the UNDP results management system; the changing development landscape, the action plan for development, 2006-2008,[3] of the United Nations Development Group (UNDG); and responses to the 2005 World Summit Outcome and related follow-up documents.[4]

2. The priorities of the organization in the coming MYFF cycle also will embrace the outcome of the Secretary General's High-level Panel on United Nations System-wide Coherence in the Areas of Development, Humanitarian Assistance and the Environment. The multi-year funding framework, 2008-2011, which will capture the Administrator's vision and ensure a convergence between national and corporate priorities, will be presented to the Executive Board for final approval in September 2007.

3. UNDP will build on and continue to move in the direction outlined in the MYFF 2004-2007: focused, results-oriented, practice based, aligned and responsive to national demand. Organizational strategies will continue to encourage more and better access to learning; increased regionalization; maximum, efficient use of a state of the art ICT platform; enhanced oversight and accountability; and a diverse, representative and gender-balanced human resource base, responsive to the changing development landscape.

[1] Decision 2006/1 on the UNDP multi-year funding framework: "*invites* the Administrator to submit the envisaged paper on the emerging strategic vision, programme directions and organizational strategy, for discussion during its annual session in June 2006."
[2] The MYFF report on results and performance for 2005 is presented under item six at this session.
[3] *Keeping the Promise: A UNDG Action Plan for Development, 2006-2008* reflects the outcome of a collective effort to address the agreements on development contained in the outcome document. The plan identifies fundamental challenges and proposes common actions and implications for the organization of work and strengthening of internal capacity within the UNDG to deliver on intended results.
[4] Follow up to the outcome of the Millennium Summit includes *Investing in the United Nations: for a stronger Organization worldwide* (A/60/692) and *Mandating and delivering: analysis and recommendations to facilitate the review of mandates* (A/60/733).

* The compilation of data required to provide the Executive Board with the most current information has delayed submission of the present report.

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II. United Nations reform and the changing development landscape

4. Major structural changes are being considered to facilitate better development and management results. The UNDG action plan provides a framework for addressing critical reform issues. As the steward of the Resident Coordinator system, UNDP will continue to strengthen partnerships and to promote the centrality of the Resident Coordinator to achieve maximum synergy at the country team level for improved development effectiveness. UNDP has committed itself to supporting the establishment of 20 joint offices by the end of 2007, through a decision of the UNDG. Twenty-five additional Country Director posts are planned. UNDP has already established fifteen country Director posts and has contributed to the one joint office in Cape Verde. Other specific action awaits the results of the High-level Panel ongoing inter-governmental processes.

5. The emerging peacebuilding architecture and early-recovery structures present new opportunities for UNDP to strengthen its role in linking humanitarian, development, and security interventions. UNDP will contribute significantly, under the leadership of the Secretary-General, to the development and implementation of integrated strategies for building lasting peace and sustainable recovery in post-crisis situations. The newly established Peacebuilding Commission is expected to "bring together all relevant actors to marshal resources and to advise on and propose integrated strategies for post-conflict peacebuilding and recovery."[5] This will present opportunities for UNDP to scale up existing activities in the crisis prevention and recovery practice.

III. Achieving the Millennium Development Goals by 2015

6. The 2005 World Summit Outcome included a resolution to 'adopt by 2006, and implement comprehensive national development strategies to achieve the internationally agreed development goals.' At the High-level Plenary Meeting of the General Assembly at its sixtieth session in September 2005, global leaders resolved to "strengthen and update the programme of work of the United Nations so that it responds to the contemporary requirements of member states." In his first address to the Executive Board, the Administrator reaffirmed the importance of UNDP's support to countries to elaborate MDG-based national development strategies. At the Global Management Team Meeting in January 2006, he quoted the 2005 World Summit Outcome, reiterating that "each country must take primary responsibility for its own development and that the role of national strategies cannot be overemphasized in the achievement of sustainable development".

7. In part as a response to the 2005 World Summit Outcome and consistent with the ongoing efforts of UNDP to develop national capacity, an integrated package of services (IPS) was developed in the latter part of 2005 to support the establishment of national MDG-based strategies. In the context of the UNDG action plan

[5] The report of the Secretary-General *Mandating and delivering: analysis and recommendations to facilitate the review of mandates* (A/60/733) presents key challenges to meeting these objectives.

following the 2005 World Summit, the IPS provides UNDP with a framework for delivering a range of corporate services in response to country demands for technical assistance in preparing, strengthening and implementing MDG-based national development strategies; and a concrete mechanism for engaging with countries and other UNDG members and the Bretton Woods Institutions in order to leverage their particular expertise.

8. Building on the gains achieved in the current MYFF cycle, the commitment made by global leaders at the 2005 World Summit, and ongoing work in the five UNDP practice areas, the IPS is designed to facilitate needs assessment and diagnostics; widen access to policy options; and strengthen national capacities to deliver development services. Consistent with the global commitments and in line with the existing UNDP results-based management framework, country programmes will ascertain demand and support national response strategies. Dedicated IPS teams in all the practice areas will backstop country and regional programme response. UNDP will concentrate its efforts in 16 to 30 countries by the end of 2006, and up to 60 countries by the end of 2007.

9. To date, UNDP has supported IPS implementation financially by making available $208 million to country and regional programmes by means of new allocation criteria for TRAC-2 resources to scale up responses to MDG-related national capacity needs.[6] The results of this pilot will inform a full-scale roll-out, enabling country programmes to scale up existing initiatives and develop new ones to respond to demand.

10. Particular emphasis will be placed on understanding how best to promote development effectiveness in crisis contexts. As the Administrator affirmed in his address to the Executive Board at the first regular session 2006, most of the countries which have the greatest difficulty in progressing towards the MDGs are suffering from state failure, conflict, civil war, chronic political instability or particularly unfavorable geographic circumstances. Recent experience suggests that existing methodologies such as the needs assessment on which the IPS framework is based, while useful for development planning in normal situations, may need to be carefully tailored to address the stabilization needs of crisis environments.

11. Meeting the MDGs by the established deadline will require UNDP to expand its partnership base. The organization will strengthen relationships with regional commissions, the Department of Economic and Social Affairs, the United Nations Conference on Trade and Development, 'bilaterals', civil society organizations and the private sector as counterparts and catalysts for development. For example, in 2005 over 29 least developed countries benefited from development services designed to integrate pro-poor trade policies and strategies into national development plans. UNDP will build on these gains to work towards more equitable growth, pro-poor trade and enhanced debt relief and more and better aid to free up much needed resources for expenditure on critical development priorities. The recommendations of the High-level panel will provide scope for greater coherence in the development architecture.

12. The UNDP and the World Bank are engaging in a dialogue preparatory to urging international and national action on the MDGs and to identify policy issues

[6] At the annual session of the Executive Board, 2005, UNDP presented the first midterm review of the programming arrangements for the period 2004-2007. The Senior Management Team subsequently approved an IPS for national capacity development designed to expedite capacity development for assessment, planning, programming and expenditure management at the national and sub-national levels.

that are critical for successful scaling-up. The process has benefited from technical discussions and joint work among UNDP, the World Bank and the International Monetary Fund on needs assessment methodologies, macroeconomic frameworks, and scaling-up. The principal objective of this partnership is to improve operational collaboration at the country level so as to respond more effectively to demand from developing countries for assistance with the design, implementation, financing and assessment of policy frameworks and programmes for scaling-up in normal development situations. A similar policy dialogue will be initiated on addressing scaling-up challenges in crisis and post-conflict settings. In the context of the UNDG, and together with the Executive Board, the need and the opportunity exist to review emerging priorities in advance of presentation of the next MYFF to the Executive Board for approval in September 2007.

IV. Development and organizational effectiveness

13. UNDP is repositioning itself to better respond to the requirements of the Paris Declaration on Aid Effectiveness and related UNDG action plans. Incremental gains indicate that we are responsive to the changing development landscape, which is characterized by new modalities for providing development assistance such as direct budget support, sector-wide approaches, and pooled funding, with a focus on developing national capacity.

14. In his opening address to the Executive Board in September 2005, the Administrator referred to a triangular multilateral arrangement for increasing development effectiveness. In the spirit of United Nations coherence, every effort will be made to work with Member States, together with Bretton Woods Institutions, the United Nations Development Group and the United Nations system as a whole, to reduce overlap and minimize the multiplicity of missions.

15. UNDP will continue to refine its results management systems. Near the end of the current MYFF cycle (2004-2007), UNDP will review its results-based management system in its entirety to ensure that it meets the highest performance measurement standards and to strengthen staff capacity to manage for results. In all the practice areas, service lines will be refined to reflect the changing development context and the findings of the 2005 MYFF report so as to further sharpen organizational priorities. The lessons learned on the methodological advances made over the last two MYFF cycles will inform the next UNDP/United Nations system-wide results framework. This framework will be characterized by a more robust results management system and methodology to measure development effectiveness against established indicators and benchmarks.

16. The six UNDP 'drivers of development effectiveness' are not only cross-cutting values: they represent a statement by UNDP that its contribution to national development can be more effective when it factors in one or more of the six drivers. There is need for further internal dialogue on the drivers to reflect on findings, review design where appropriate and better understand the value that the drivers contribute in programming to achieve a sustainable development impact. Questions for consideration include: (a) whether the current development environment requires these six cross-cutting priorities, and (b) whether the differentiation between each of the six drivers is distinct enough to warrant a separate approach. In preparing the MYFF, 2008-2011, *conflict sensitivity* and *ensuring United Nations system-wide*

coherence could be considered cross-cutting priorities for UNDP development interventions that are catalytic to current United Nations reform initiatives.

17. Aggregate analysis reveals that, in 2005, country programmes placed great emphasis on the 'fostering an enabling policy environment' and 'forging partnerships for results' drivers, whereas other drivers were insufficiently integrated. Measures were taken at the end of the year to address gender-related shortcomings, including the launch of the gender thematic trust fund and the allocation of $10 million for gender mainstreaming. In addition, the Administrator established and chairs a gender steering implementation committee. An internal task force will assess the benefits and limitations of mainstreaming, particularly since, for the second consecutive year, gender is the least emphasized of all the six drivers.

18. The future corporate framework should take into account the expertise of the different units, funds and programmes when reviewing the results management system. The MYFF report on UNDP performance and results (DP/2006/17) covers areas where UNDP and the Special Unit for South-South Cooperation, the United Nations Capital Development Fund (UNCDF), the United Nations Development Fund for Women and the United Nations Volunteers programme collaborate in pursuit of intended country programme outcomes. For example, UNCDF microfinance expertise accounts for a significant proportion of activities in specific service lines in the MDG practice area. Continued collaborative reporting in this area complements efforts to achieve system-wide coherence. An integrated strategic planning and results framework will be considered following consultation with the funds and programmes and the wider United Nations system in an effort to streamline system-wide planning and reporting functions.

19. To improve organizational efficiency and effectiveness, the strategy for managing human resources in UNDP, 2005-2008, outlines the long-term direction for managing human capital and includes operational guidance for its implementation. The emerging priorities include ensuring that the necessary staff profiles, policies, systems, procedures and structures are in place to support corporate strategies and enable UNDP human resources to be responsive. There are particular challenges in crisis countries where deployment of a surge capacity is needed to meet sudden demands for increased delivery. The strategy seeks to realize these objectives while fostering a work environment in which the entire UNDP workforce demonstrates value to all stakeholders and feels safe and rewarded for their contributions. Implementation will be closely monitored through a results matrix, which will be regularly assessed for progress made against the stated deliverables. Based on an assumption of ever-changing organizational demands, the document is an evolving one.

V. Financial management, sustainability and cost effectiveness

20. The increasing size of the UNDP portfolio, with total programme expenditure in 2005 reaching $3.65 billion – an increase of 29 per cent over the level of expenditure in 2004 – requires a parallel increase in the culture of accountability. UNDP is committed to broadening the donor base and improving the ratio of core to non-core resources.

21. Financing efforts to achieve the MDGs and a wider discussion of results-based budgeting is underway.[7] As in the previous MYFF cycle, a successful corporate framework requires multi-year financial commitment. Member Sates are encouraged to make multi-year commitments in pursuit of shared goals. These will be directed towards the least developed countries or those unlikely to meet the MDG targets by the established deadlines.

VI. Summary and conclusion

22. In summary, the emerging priorities, programme directions and organizational strategy of UNDP must take into account lessons learned from the ongoing review of the current results-based management system, and ongoing initiatives such as (a) the integrated package of services; (b) the UNDG follow-up to the 2005 World Summit; and (c) the UNDG action plan for follow-up to the Paris Declaration on Aid Effectiveness. UNDP will remain focused on areas where the organization has a comparative advantage and will continue to be responsive to demands from Member States, as presented in the Triennial Policy Review of Operational Activities for Development of the United Nations System.

23. UNDP is committed to discussion and consultation with the Executive Board to achieve consensus on the priorities for the next MYFF cycle, 2008-2011. The organization is aware that this is a critical point on the development and reform trajectory. UNDP will be focussing on areas where it has a comparative advantage. The five practice areas and the mandate to develop national capacity, support the implementation of national development strategies with policy advice while ensuring national ownership, foster South-South cooperation and promote gender equality will remain unchanged for the duration of the next MYFF cycle. The next corporate framework will be a results-orientated product of discussions and agreement with UNDG. The challenge will be to capture and give financial expression to the reform proposals, taking into account synergies between organizational mandates, gains achieved in strengthening administrative and management response capacity, and retaining the change management trajectory.

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[7] The joint initiative between UNDP, UNFPA and UNICEF, *Implementing results-based- budgeting*, will provide options for results-based budgeting in line with existing best practices in other public organizations. The outputs include proposing a budget methodology (process, approach and format) that (a) meets results-based budgeting (RBB) requirements and organizational priorities; and (b) strengthens the linkage between the budget, programming arrangements and the strategic framework. The May 2006 options paper will be followed by a conference room paper in August 2006, with a mock up of the RBB budget document for discussion that explains the rationale for implementing RBB, and its expected benefits.

[8] The other five drivers are: developing national capacities; enhancing national ownership; advocating and fostering an enabling environment; seeking South-South solutions; and forging partnerships for results.

[9] At the September 2004 meeting of the Executive Board in, delegations commended the UNDP approach to an integrated performance framework after reviewing a 'mock-up' of what such a performance arrangement might produce: a MYFF report on performance and results. The first such report is due to be presented at the annual session in 2005.

[10] In the case of promoting gender equality, these questions have been developed by the Gender Unit located in the BDP directorate.

[11] Capacity development is the only other driver with so many performance-related questions; the other four drivers will be served by two questions each.